

## Message Text

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ORIGIN NEA-10

INFO OCT-01 ISO-00 SS-15 EB-08 TRSE-00 DOE-11 SOE-02  
OMB-01 AID-05 XMB-02 SP-02 CIAE-00 INR-10 NSAE-00  
CEA-01 COME-00 DODE-00 H-01 INT-05 L-03 NSC-05  
PM-05 USIA-06 OES-07 STR-07 ACDA-12 /119 R

DRAFTED BY NEA:SSOBER:BDF  
APPROVED BY E:RCOOPER  
NEA/IRN:CWNAAS  
EB:SBOSWORTH  
TREASURY:HJUNZ (INFO)  
-----120626 051209Z /11  
R 050057Z MAR 78  
FM SECSTATE WASHDC  
TO AMEMBASSY TEHRAN

C O N F I D E N T I A L STATE 056361

E.O. 11652: GDS

TAGS: ENRG, IR, US

SUBJECT:INTERNATIONAL ENERGY BOND

1. UNDER SECRETARY COOPER RAISED SUBJECT OF IRAN'S IDEA FOR INTERNATIONAL ENERGY BOND DURING BILATERAL WITH YEGANEH HERE THIS WEEK. COOPER BEGAN BY ASKING HOW SERIOUS GOI WAS ON THIS SUBJECT, NOTING THAT GOI HAD DISASSOCIATED ITSELF AS A POTENTIAL LENDER FOR THE BOND. HE SAID U.S. SAW CONSIDERABLE ATTRACTIONS IN THE GENERAL CONCEPT OF MOBILIZING SURPLUS FUNDS FOR ENERGY DEVELOPMENT, BUT WE SEE CONSIDERABLE PRACTICAL PROBLEMS IN THE SPECIFIC PROPOSAL PUT FORWARD BY IRAN. ON THE POSITIVE SIDE, WE RECOGNIZE THAT IT WAS NO LONGER POSSIBLE TO RELY WHOLLY ON MAJOR FIRMS TO MOBILIZE CAPITAL FOR DEVELOPMENT OF NEW ENERGY SOURCES. THUS, THE IDEA OF AN INTERNATIONAL FUND  
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TO DO THE JOB WAS ATTRACTIVE, AND INDEED WE HAD ENCOURAGED THE IBRD TO BECOME MORE ACTIVE IN ENERGY DEVELOPMENT. ON THE OTHER HAND, COOPER NOTED, UNDER THE IRANIAN PLAN THE CREDITORS WOULD HAVE TO BE REPAYED IN OIL OR ITS MONETARY EQUIVALENT. THIS RAISED QUESTIONS, FOR EXAMPLE, AS TO WHO WOULD PROVIDE THE REPAYMENT GUARANTEES, AND ALSO AS TO THE PROPRIETY OF HAVING THE GROUP (OPEC) WHICH FIXED THE PRICE

OF OIL LIKEWISE BE IN A POSITION THEREBY TO FIX THE PRICE  
OF REPAYMENT. COOPER POINTED OUT THAT REPAYMENT IN OIL OR

ITS EQUIVALENT COULD BE ACHIEVED BY TAKING AN EQUITY  
INTEREST IN ENERGY DEVELOPMENT, AND HE WONDERED WHETHER  
ARRANGEMENTS COULD BE ESTABLISHED WHEREBY THE LENDERS  
TAKE SOME OF THE RISK, BUT REDUCE THE TOTAL RISK BY  
SPREADING IT OVER A NUMBER OF PROJECTS. HE SUGGESTED WE  
MIGHT SEEK INSTITUTIONAL ARRANGEMENTS TO DIVERSIFY THESE  
RISKS, WHICH WERE VERY REAL FOR ANY PARTICULAR PROJECT.

2. YEGANEH DID NOT RESPOND DIRECTLY TO THESE QUESTIONS.  
HE DID NOTE THAT IRAN'S ABILITY TO CONTRIBUTE FUNDS WOULD  
DEPEND ON ITS OWN INCOME. THIS YEAR IRAN IS INVESTING  
SOME 2.5 BILLION DOLS FOR ENERGY DEVELOPMENT, BUT IT WILL  
PERHAPS BE BORROWING 2.5-3 BILLION DOLS TO COVER OVERALL  
CURRENT CASH REQUIREMENTS.

3. IN RESPONSE TO YEGANEH'S QUESTION, COOPER STATED THAT  
WE HAD NOT DISCUSSED THE ENERGY BOND IDEA WITH ANY FRIENDLY  
"SURPLUS" OIL-PRODUCING COUNTRIES, SUBJECT TO OUR FURTHER  
DISCUSSIONS WITH GOI. CONVERSATION CONCLUDED WITH  
COOPER'S NOTING THAT U.S. HAD SYMPATHY FOR THE OVERALL  
OBJECTIVE OF FINDING WAYS TO MOBILIZE FUNDS FOR ENERGY  
DEVELOPMENT, BUT AT THE SAME TIME WE WANTED GOI TO KNOW  
OF SOME OF THE SERIOUS PROBLEMS AS WE SAW IN ITS  
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PROPOSAL.

4. WE WOULD LIKE TO LEAVE THE BALL IN IRAN'S COURT AT  
THIS POINT. AMBASSADOR SULLIVAN, WHO ALSO WAS PRESENT  
DURING CONVERSATION WITH YEGANEH, REQUESTS THAT NO  
SPECIFIC ACTION BE TAKEN BY EMBASSY ON THIS MESSAGE. CHRISTOPHER

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NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** ENERGY, DEVELOPMENT PROGRAMS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 05 mar 1978  
**Decaption Date:** 01 jan 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 20 Mar 2014  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1978STATE056361  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** SSOBER:BDF  
**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
**Expiration:**  
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**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
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**Previous Handling Restrictions:** n/a  
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**Subject:** INTERNATIONAL ENERGY BOND  
**TAGS:** ENRG, IR, US  
**To:** TEHRAN  
**Type:** TE  
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**Review Markings:**  
Sheryl P. Walter  
Declassified/Released  
US Department of State  
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20 Mar 2014  
**Markings:** Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014